

Message Text

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PAGE 01 BRUSSE 14775 310836Z
ACTION EUR-08

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C O N F I D E N T I A L BRUSSELS 14775

LIMDIS

C O R R E C T E D C O P Y (PARAS RENUMBERED AND LINE 2 PARA 3
ADDED)

USEEC

DEPT PASS STR ELECTRONICALLY FOR AMBASSADOR WOLFF. GENEVA
FOR MTN AMBASSADOR MCDONALD FROM DEANE HINTON

E.O. 11652: GDS
TAGS: ETRD MTN
SUBJECT: COUNTERVAILING DUTY (CVD) WAIVER EXTENSION

REF: A. STATE 186719, B. GENEVA 22257

1. IN MY OPINION AL MCDONALD'S ANALYSIS AND CONCLUSIONS
REFTEL B ARE RIGHT ON TARGET.

2. WHILE WE CAN COUNT ON COMMISSION AND PARTICULARLY ON
HAFERKAMP TO TRY TO CONDUCT DAMAGE LIMITATION OPERATION
WITH US SHOULD WAIVER EXTENSION EFFORT FAIL, IT IS CRYSTAL
CLEAR THAT FAILURE WILL COMPLICATE OUR FRIENDS' EFFORTS TO
HELP REACH POSITIVE OVER-ALL MTN CONCLUSION AND ADD POWER-
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FUL AMMUNITION TO THE ARNSENALS OF THE MORE DIFFICULT
COMMUNITY MEMBER STATES. INDEED AN EXTREME SCENARIO CAN
BE ENVISAGED IN WHICH FAILURE ON THIS POINT WOULD PROVE TO
BE THE NAIL THAT LOST THE BATTLE, I.E., FAILURE HERE COULD
ENDANGER NOT ONLY AGRICULTURE AND SUBSIDY/COUNTERVAIL BUT
COULD LEAD TO FAILURE OF OVER-ALL MTN EFFORT.

3. WHILE I BELIEVE THAT EXISTENCE OF WAIVER EXPIRATION DATE HAS PROBABLY PLAYED USEFUL FULE IN FORCING AGREEMENT TO CONCLUDE OVER-ALL TOKYO-ROUND NEGOTIATIONS THIS YEAR, THERE IS NO QUESTION BUT THAT THERE IS A TREMENDOUS DIFFERENCE BETWEEN A U.S. THREAT TO TAKE ADVERSE ACTIONS AND THE TAKING OF SUCH ACTIONS. THUS, IN MY VIEW, IT WOULD BEAR BETTER FOR THE ADMINISTRATION TO TRY FOR EXTENSION OF WAIVER,EVEN WITH RISKS OF ADVERSE AMENDMENTS, THAN TO RISK REACTION HERE TO FAILURE EVEN TO TRY. IF IN WASHINGTON'S FINAL JUDGMENT IT WOULD BE DANGEROUS TO PRESS THE MATTER TO A VOTE, THE FORMAL INTRODUCTION OF A WAIVER EXTENSION BILL OR PERHAPS AN AMENDMENT TO OTHER APPROPRIATE LEGISLATION WOULD PROVIDE HIGHLY DESIRABLE EVIDENCE OF US GOOD FAITH, ALWAYS ASSUMING OF COURSE THAT THE REQUISITE PROGRESS IS BEING MADE IN SEPTEMBER TO JUSTIFY THE KIND OF WAIVER EXTENSION THAT AL MCDONALD HAS ADVOCATED.

4. I UNDERSTAND THE DIFFICULTY IN SEEKING A WAIVER EXTENSION WHEN WE DON'T YET HAVE THE SUBSIDIES/CVD AGREEMENT NAILED DOWN. NO ONE LIKES TO BUY A PIG IN A POKE. WE SHOULD, THEREFORE, KEEP THE PRESSURE AS INTENSE AS POSSIBLE FOR CONCLUDING AN AGREEMENT BY THE FIRST WEEK IN OCTOBER. IF IT CAN BE DONE, THIS WOULD GIVE SOME TIME FOR CONGRESSIONAL CONSULTATIONS AND, HOPEFULLY, MEMBER STATE APPROVAL, BOTH CONTINGENT, OF COURSE, ON THE FINAL MTN PACKAGE.

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5. IF WE MEET THE NEGOTIATING TARGET OF EARLY OCTOBER, AND ADMITTEDLY HAFERKAMP DOESN'T THINK WE CAN, OUR CHANCES OF GETTING A WAIVER EXTENSION (PERHAPS IN A POST-ELECTION SESSION) SHOULD BE MUCH MORE MANAGEABLE.

6. IF WE DON'T HAVE SUFFICIENT PROGRESS IN GOOD TIME, THEN WE SHOULD EXAMINE SOME TEMPORIZING OPTIONS WHILE WE TRY TO NEGOTIATE FURTHER. FOR EXAMPLE, IF WE HAVE AN AGREEMENT THAT EVERYONE CAN BUY BY DECEMBER 15, COULD WE NOT SIMPLY TELL THE EC THAT, IN ABSENCE OF FORMAL LEGAL AUTHORITY TO EXTEND THE WAIVER BY JAN 3, WE WILL SUSPEND LIQUIDATION BUT NOT COLLECT COUNTERVAILING DUTIES? WHILE I AM NOT ADVOCATING THIS ACTION NOW, IT MIGHT BE EXPLORED AS AT LEAST A FALL-BACK IF WE NEED IT.

7. IN SUM, I BELIEVE WE SHOULD BUCK UP OUR SPIRITS. WITHOUT AN ALL-OUT NEGOTIATING TRY, WE SHOULD NOT TAKE "NO" FOR AN ANSWER, EITHER AT THE NEGOTIATING TABLE OR FROM THE CONGRESS. ANYTHING LESS COULD, I REPEAT, IN EFFECT SCUTTLE THE MTN. HINTON

NOTE BY OC/T: STRE TAKE FOR FIRST TIME.

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NNN

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